

October 31, 2006

**Asahi Pretec Corp. Flash Report (Consolidated Basis)**

Asahi Pretec Corp. (Securities No. 5855, Tokyo Stock Exchange first section)

(URL <http://www.asahipretec.com>)

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**1. Financial results for the six months ended September 30, 2006**

(1) Consolidated operating results

[ Rounded off to millions of yen ]

	The six months ended September 30, 2006		The six months ended September 30, 2005		The fiscal year ended March 31, 2006
	Millions of yen	%	Millions of yen	%	Millions of yen
Sales	45,070	68.5	26,747	21.2	62,372
Operating income	4,469	104.0	2,190	36.7	5,563
Ordinary income	4,473	106.6	2,165	39.5	5,561
Net income	2,654	100.8	1,321	49.7	3,272
Net income per share - basic (yen)	111.32		61.23		145.72
Net income per share - diluted (yen)	111.15		55.91		138.20

(Notes) 1. Equity in earnings of unconsolidated subsidiaries and affiliates; None

2. Average number of shares outstanding during fiscal year(consolidated basis)

First half FY2006: 23,843,901 First half FY2005: 21,584,851 Full year FY2005: 22,458,393

3. Change in accounting method : None

4. The % figures show percentage of changes from the corresponding period of the preceding year.

(2) Consolidated financial position

	The six months ended September 30, 2006	The six months ended September 30, 2005	The fiscal year ended March 31, 2006
Total assets (Millions of yen)	39,709	32,073	36,465
Net assets (Millions of yen)	29,633	25,603	27,422
Capital adequacy ratio (%)	74.6	79.8	75.2
Net assets per share (yen)	1,241.22	1,088.74	1,150.69

(3) Consolidated cash flows

	The six months ended September 30,2006	The six months ended September 30,2005	The fiscal year ended March 31, 2006
Operating activities (Millions of yen)	( 627 )	893	859
Investing activities (Millions of yen)	( 973 )	( 1,968 )	( 2,799 )
Financing activities (Millions of yen)	1,177	( 1,168 )	( 922 )
Cash and cash equivalents (Millions of yen)	1,160	2,197	1,584

(4) Scope of Consolidation and equity method affiliates

Consolidated subsidiaries	10
Unconsolidated subsidiaries accounted for by the equity method	None
Affiliates accounted for by the equity method	None

(Notes) Changes in scope of consolidated companies: addition: 1, exclusion: None

## 2. Forecast for the fiscal year ending March 31, 2007

	Entire year
Sales (Millions of yen)	82,000
Ordinary income (Millions of yen)	8,200
Net income (Millions of yen)	4,900
Forecasted net income per share (yen)	136.95

Shares held by shareholders' listed or recorded as of September 30, 2006 were split 1.5 for one share since October 1, 2006.

The financial results projection stated above is based on currently available information and may change depending on the fluctuation of the price of the precious metal and other factors.

## CONSOLIDATED BALANCE SHEET (SUMMARY)

At September 30, 2006 and 2005

	2006		2005		2006
	Millions of yen	%	Millions of yen	%	Thousands of U.S.dollars
<b>ASSETS</b>					
Current assets					
Cash and cash deposits	1,160		2,197		9,840
Notes and accounts receivable	3,361		2,521		28,514
Inventories	13,971		6,634		118,501
Deferred income taxes	427		303		3,627
Other	296		221		2,518
Less: allowance for doubtful accounts	(5)		(3)		(47)
Total current assets	19,212	48.4	11,874	37.0	162,954
Fixed assets					
Tangible assets					
Building and structures	6,306		6,201		53,491
Machinery and carriers	3,299		3,540		27,981
Land	9,106		8,763		77,236
Construction in progress	696		443		5,905
Other tangible assets	352		437		2,988
Total tangible assets	19,760	49.7	19,385	60.4	167,602
Intangible assets					
Intangible assets	353	0.9	372	1.2	2,994
Investment and other assets					
Investment securities	13		21		114
Deferred tax assets	45		97		386
Other investment and other assets	333		328		2,829
Less: allowance for doubtful accounts	(9)		(6)		(76)
Total investment and other assets	383	1.0	441	1.4	3,253
Total fixed assets	20,496	51.6	20,198	63.0	173,849
Total assets	39,709	100.0	32,073	100.0	336,804
<b>LIABILITIES</b>					
Current liabilities					
Notes and accounts payable	2,339		2,145		19,844
Short-term loans	3,550		850		30,110
Current portion of long-term debt	215		533		1,824
Accrued income taxes	1,725		842		14,632
Accrued bonus	588		501		4,991
Accrued directors' bonus	12		-		106
Other current liabilities	1,321		851		11,206
Total current liabilities	9,752	24.6	5,724	17.8	82,716
Long-term liabilities					
Long-term debt	35		250		298
Accrued retirement benefit	81		82		688
Accrued directors' retirement benefit			161		
Deferred tax liabilities	126		111		1,071
Consolidation adjustment			117		
Negative goodwill	80				681
Total long-term liabilities	322	0.8	721	2.3	2,739
Total liabilities	10,075	25.4	6,446	20.1	85,455
<b>MINORITY INTERESTS</b>					
	-	-	23	0.1	
<b>SHAREHOLDERS' EQUITY</b>					
Common stock	-	-	4,480	14.0	
Capital surplus	-	-	6,054	18.9	
Retained earnings	-	-	15,852	49.4	
Unrealized gain on securities	-	-	6	0.0	
Foreign currency translation adjustments	-	-	(33)	(0.1)	
Less: Treasury stock	-	-	(756)	(2.4)	
Total shareholders' equity	-	-	25,603	79.8	
Total liabilities, minority interests and shareholders' equity	-	-	32,073	100.0	

	2006		2005		2006
	Millions of yen	%	Millions of yen	%	Thousands of U.S.dollars
<b>NET ASSETS</b>					
Common stock	4,480	11.3	-	-	38,005
Capital surplus	6,054	15.2	-	-	51,349
Retained earnings	19,496	49.1	-	-	165,360
Less: Treasury stock	(411)	(1.1)	-	-	(3,492)
Shareholders' equity	29,619	74.5	-	-	251,228
Unrealized gain on securities	3	0.0	-	-	32
Deferred losses on hedges	(2)	(0.0)	-	-	(23)
Foreign currency translation adjustments	(14)	(0.0)	-	-	(123)
Valuation and translation adjustments	(13)	(0.0)	-	-	(114)
<b>MINORITY INTERESTS</b>	27	0.1	-	-	234
<b>TOTAL NET ASSETS</b>	<b>29,633</b>	<b>74.6</b>	<b>-</b>	<b>-</b>	<b>251,348</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>39,709</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>336,804</b>

U.S. dollar amounts represent translations using the approximate exchange rate on September 29, 2006 of 117.90yen=US\$1, and are included solely for the convenience of readers.

## CONSOLIDATED STATEMENTS OF INCOME

Six months ended September 30, 2006 and 2005

	2006		2005		2006
	Millions of yen	%	Millions of yen	%	Thousands of U.S.dollars
Net sales	45,070	100.0	26,747	100.0	382,273
Cost of sales	38,967	86.5	23,155	86.6	330,511
Gross profit	6,102	13.5	3,591	13.4	51,761
Selling general and administrative expenses	1,633	3.6	1,400	5.2	13,854
Operating Income	4,469	9.9	2,190	8.2	37,907
Non-operating profits	17	0.0	26	0.1	152
Non-operating expenses	13	0.0	51	0.2	113
Ordinary income	4,473	9.9	2,165	8.1	37,946
Special gains	11	0.0	5	0.0	96
Special losses	101	0.2	42	0.2	857
Net income before tax and other adjustments	4,384	9.7	2,128	7.9	37,184
Income taxes	1,662	3.7	796	3.0	14,104
Deferred tax	64	0.1	8	0.0	547
Minority interests in earnings of consolidated subsidiaries	2	0.0	1	0.0	16
Net income	2,654	5.9	1,321	4.9	22,513

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## CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS AND RETAINED EARNINGS

	Prior Fiscal Year	Prior Interim Period
	Millions of yen	Millions of yen
<u>CAPITAL SURPLUS</u>		
Capital surplus at beginning of period	4,310	4,310
Increase due to conversion of convertible bonds	1,743	1,743
Increase in capital surplus	1,743	1,743
Capital surplus at end of period	6,054	6,054
<u>RETAINED EARNINGS</u>		
Retained earnings at beginning of period	15,019	15,019
Net income	3,272	1,321
Increase in retained earnings	3,272	1,321
<u>DECREASE IN RETAINED EARNINGS</u>		
Cash dividends	659	282
Directors' bonuses	30	30
Loss on sales of treasury stock	280	176
Decrease in retained earnings	969	488
<u>RETAINED EARNINGS AT END OF PERIOD</u>	17,323	15,852

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Current Interim Period (from April 1, 2006 to September 30, 2006)

(Millions of yen)

	Owner's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at March 31,2006	4,480	6,054	17,323	(433)	27,424
Dividends from retained earnings			( 476 )		( 476 )
Net income			2,654		2,654
Gain on sales of treasury stock			( 4 )	21	17
Decrease of items during the period except those included in owner's equity					
Total increase (decrease) of the above Items during the period	-	-	2,172	21	2,194
Balance at September 30, 2006	4,480	6,054	19,496	(411)	29,619

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gain on available-for-sale securities	Deferred Losses on hedges	Cumulative translation adjustments	Total valuation and translation adjustments		
Balance at March 31,2006	8	-	(10)	(2)	25	27,447
Dividends from retained earnings						(476)
Net income						2,654
Gain on sales of treasury stock						17
Decrease of items during the period except those included in owner's equity	(4)	(2)	(3)	(10)	2	(8)
Total increase (decrease) of the above Items during the period	(4)	(2)	(3)	(10)	2	2,186
Balance at September 30, 2006	3	(2)	(14)	(13)	27	29,633

**Asahi Pretec Corp. and Consolidated Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Six months ended September 30, 2006 and 2005**

	2006	2005	2006
	Millions of yen	Millions of yen	Thousands of U.S.dollars
Cash flow from operating activities			
Net income before tax and other adjustments	4,384	2,128	37,184
Depreciation and amortization	732	765	6214
Net loss on disposal or sales of fixed assets	93	36	794
Amortization of consolidation adjustment		10	0
Goodwill amortization	16		140
Provision of accrued retirement benefits	25	23	217
Interest and dividend income	( 1 )	( 1 )	(12)
Loss (gain) on sales of investment securities, net	( 3 )	0	(32)
Interest expenses	6	7	54
(Increase) decrease in notes and accounts	369	178	3,137
Increase in inventories	( 3,843 )	( 1,529 )	(32,597)
Decrease in notes and accounts payable	( 660 )	311	(5,602)
Increase (decrease) in tax and other liabilities	( 139 )	73	(1,178)
Payment of directors' bonuses		( 30 )	0
Other	( 84 )	( 188 )	(714)
Sub-total	896	1,787	7,604
Interest and dividends received	1	1	12
Interest paid	( 7 )	( 8 )	(63)
Income taxes paid	( 1,517 )	( 886 )	(12,874)
Net cash provided by operating activities	(627)	893	(5,320)
Cash flow from investing activities			
Repayment of deposits	9	6	83
Payment for purchase of investments in subsidiaries, net of cash			
Proceeds from acquisition of the shares of subsidiaries by exchange of		68	
Additions to tangible assets	( 918 )	( 1,995 )	(7,786)
Proceeds from sales of fixed assets	12	32	103
Additions to intangible assets	( 71 )	( 64 )	(605)
Other payments	( 17 )	( 23 )	(145)
Other receipt	10	8	89
Net cash used in investing activities	( 973 )	( 1,968 )	(8,260)
Cash flow from financing activities			
decrease in short-term debt	1,900	(25)	16,115
Repayment of long-term debt	( 263 )	( 844 )	(2,235)
Redemption of convertible notes with stock acquisition		( 4 )	
Purchase of treasury stock		( 346 )	
Proceeds from sales of treasury stock upon exercise of stock	16	335	142
Dividends paid	( 475 )	( 282 )	(4,036)
Net cash used in financing activities	1,177	( 1,168 )	9,986
Effect of exchange rate changes on cash and cash	( 0 )	5	( 6 )
increase in cash and cash equivalents	( 424 )	( 2,238 )	(3,600)
Cash and cash equivalents at the beginning of year	1,584	4,435	13,441
Cash and cash equivalents at the end of year	1,160	2,197	9,840

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